



Biotechnology Innovation Organization  
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March 14, 2022

Senator Matthew Lesser  
Chair, Insurance and Real Estate Committee  
Legislative Office Building, Room 2800  
Hartford, CT 06106

Representative Kerry Wood  
Chair, Insurance and Real Estate Committee  
Legislative Office Building, Room 2800  
Hartford, CT 06106

**RE: BIO Statement of Concern to Senate Bill 355**

Dear Chair Lesser, Chair Wood, Ranking Member Hwang, Ranking Member Pavalock-D'Amato and Members of the Committee:

The Biotechnology Innovation Organization (BIO) respectfully **opposes the definition of "340B covered entity" in S355**, which would inappropriately expand the 340B program in Connecticut. BIO is the world's largest trade association representing biotechnology companies, academic institutions, state biotechnology centers and related organizations across the United States and in more than 30 other nations. BIO members are involved in the research and development of innovative healthcare, agricultural, industrial, and environmental biotechnology products.

**BIO respectfully opposes the definition of "340B Covered Entity" in S355 as it codifies contract pharmacies, a part of the program that has led to inappropriate growth, is not included in the federal statute, and is subject to pending litigation.**

Contract pharmacies have contributed to exponential growth in the 340B program. Since 2014, purchases under the 340B Drug Discount Program have tripled, to \$29.9 billion in 2019, an increase of 23% over 2018. This represents more than 8% of total US drug market.<sup>1</sup> An October 2020 study found that from April 2010 to April 2020 contract pharmacy arrangements in the program grew by 4,228% from 2,321 in 2010 to 101,469 today.<sup>2</sup> This explosive growth has occurred because it is extremely profitable for pharmacies to share in the 340B discount provided to covered entities. A contract pharmacy's average gross profit margin on a 340B medicine dispensed at a contract pharmacy is estimated at 72%, compared to just 22% when dispensed by an independent pharmacy.<sup>3</sup> S355 would further legitimize and expand contract pharmacy arrangements, which would benefit contract pharmacies and covered entities, not the vulnerable patients the 340B program seeks to protect and serve.

For these reasons, BIO **respectfully requests an amendment to S355** and urges the removal of contract pharmacies from the definition of a 340B entity.

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<sup>1</sup> Fein, Adam, "New HRSA Data: 340B Program Reached \$29.9 Billion in 2019; Now Over 8% of Drug Sales," Drug Channels, June 9, 2020. Accessed: <https://www.drugchannels.net/2020/06/new-hrsa-data-340b-program-reached-299.html>

<sup>2</sup> Vandervelde, Aaron, et al., For-Profit Pharmacy Participation in the 340B Program, BRG Group, October 2020.

<sup>3</sup> Ibid.

Sincerely,

/s/

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